

Adoption Agreement for Local Church/Salary-Paying Unit Sponsorship of Lay Employees

United Methodist Personal Investment Plan (UMPIP)

INFORMATION

This form should be used by the following organizations to sponsor UMPIP:

- Local Church or Pastoral Charge,
- Conference office, or
- District office.

The following Employee types are covered under this Adoption Agreement:

- Lay Employees,
- Clergy who have Retired with the Conference and are employed at the organization sponsoring this Plan, and
- Clergy not Under Episcopal Appointment who are employed at the organization sponsoring this Plan (for example, an Active Conference Member on Leave of Absence employed at a United Methodist Local Church).

Call Wespath at **1-800-851-2201** to request an Adoption Agreement consultation with the Retirement Services team.

This Adoption Agreement should be reviewed and completed in conjunction with the *UMPIP Plan Document*. Capitalized terms in this Adoption Agreement have the meanings as defined in the *UMPIP Plan Document*.

Read the following Instructions and complete all parts of the Adoption Agreement.

INSTRUCTIONS

Part 1 – Plan Sponsor Information

Provide all the information requested in Part 1 of the Adoption Agreement.

Generally, organizations that share the same Federal Employer Identification Number (FEIN) are treated as one entity. Organizations with multiple FEINs may also be considered as one entity for Plan sponsorship purposes. For example, if a day care (or preschool) is part of a church, the daycare Employees are most likely considered Employees of the church and should be included in this Adoption Agreement, even if the day care has a separate FEIN for payroll purposes only. Contact Wespath at **1-800-851-2201** for more information.

Part 2 – Employees Covered Under This Adoption Agreement

By completing the *Adoption Agreement for Lay Employee Participation*, the Plan Sponsor must allow the following Employees to participate in UMPIP:

- Lay Employees,
- Clergy who have Retired with the Conference and are employed at the organization sponsoring this Plan, and
- Clergy not Under Episcopal Appointment who are employed at the organization sponsoring this Plan.

A Plan Sponsor may choose to specify different Plan Sponsor Contribution provisions for different types of Employees listed above and/or for Employees with different hire dates by completing more than one Adoption Agreement and indicating the covered Employee group in Part 2 of each Adoption Agreement. **However, each Employee type listed above, regardless of hire date, must be covered under an Adoption Agreement. If choosing to cover different Employee groups using multiple Adoption Agreements, contact Wespath for help completing them.**

- **Example #1:** A Plan Sponsor may cover all Lay Employees under one Adoption Agreement, and Clergy who have Retired with the Conference and Clergy not Under Episcopal Appointment under another Adoption Agreement.
 - **Example #2:** A Plan Sponsor may cover all Employee types listed above who were hired before January 1, 2017 under one Adoption Agreement and all Employee types listed above who were hired on or after January 1, 2017 under another Adoption Agreement.
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Part 3 – Participant Contributions

All Employees covered under this Adoption Agreement are eligible to make Before-Tax, Roth and/or After-Tax Contributions to UMPIP by payroll deduction as of their hire date, even if they are not eligible for Plan Sponsor Contributions.

3.1 Automatic Enrollment. This feature allows Plan Sponsors to automatically enroll Employees at a rate of Before-Tax Contributions chosen by the Plan Sponsor. Plan Sponsors may elect from the following choices which group of Employees will be subject to Automatic Enrollment:

- Option 1:** All Employees eligible for Plan participation, except those who are making After-Tax or Roth Contributions, or who have an existing Before-Tax Contribution election as of the effective date of Automatic Enrollment at a Contribution Rate that is higher than the Contribution Rate selected by the Plan Sponsor. This option also includes individuals who become eligible for Plan participation on or after the effective date of Automatic Enrollment.
- Option 2:** All Employees eligible for Plan participation who are not making Participant Contributions as of the effective date of Automatic Enrollment, including individuals who become eligible for Plan participation on or after the effective date of Automatic Enrollment.
- Option 3:** All Employees who become eligible for Plan participation on or after the effective date of Automatic Enrollment.

If the Plan Sponsor chooses this feature, Employees who may be automatically enrolled must be given an *Initial Automatic Enrollment Notice** and *Contribution Election** form on their hire date. See the *Instructions for Furnishing Initial Automatic Enrollment Notice** for information on how to provide this notice to Employees. Also see the *Initial Automatic Enrollment Notice* for situations for which Automatic Enrollment will not apply. The *Contribution Election* form should be provided to Employees with the *Initial Automatic Enrollment Notice* so Employees have the opportunity to make elections that differ from those that would apply under Automatic Enrollment.

Plan Sponsors adopting Automatic Enrollment must elect this feature for all of their UMPIP Adoption Agreements. For example, if an organization is the UMPIP Plan Sponsor for Appointed Clergy and Lay Employees, the election to adopt Automatic Enrollment must be made for both groups of Employees on the applicable Adoption Agreements. Contact Wespath for more information about Automatic Enrollment.

3.2 Automatic Contribution Escalation. Plan sponsors that adopt Automatic Enrollment in Part 3.1 of this Adoption Agreement may also choose to adopt Automatic Contribution Escalation. Under this feature, the rate of Participants' Before-Tax Contributions may increase every year by a chosen percentage, up to a maximum percentage, in a certain month of the year, all of which are selected by the Plan Sponsor. Escalation of Participant Contributions will occur whether the Participant was making Before-Tax Contributions under Automatic Enrollment or by affirmatively completing a *Contribution Election* form. Participants may opt out of Automatic Contribution Escalation, or opt back into it, at any time by completing and submitting a *Contribution Election* form. See the *Initial Automatic Enrollment Notice* for information on which Employees are eligible for Automatic Contribution Escalation and situations for which Automatic Contribution Escalation will not apply.

Plan Sponsors adopting Automatic Enrollment and Automatic Contribution Escalation must elect these features for all of their UMPIP Adoption Agreements. Contact Wespath for more information about Automatic Contribution Escalation.

Part 4 – Plan Sponsor Contributions

4.1 Plan Sponsor Contribution Election. *The Book of Discipline* recommends a minimum Plan Sponsor contribution of 3% of Compensation for Lay Employees at Local Churches meeting certain requirements. Contact Wespath for more information. A Plan Sponsor may choose to sponsor UMPIP only for Participant Contributions. If electing not to make Plan Sponsor Contributions, check the "No" box in Part 4.1 and **skip to Part 5.**

If choosing to make Plan Sponsor Contributions for Employees covered under this Adoption Agreement as specified in Part 2, complete Parts 4.2 through 4.6 to describe the terms of those contributions.

*Available at wespath.org.

4.2 Eligibility

- a) **Classification.** Permanent Employees are those employed for the indefinite future and not on a temporary, limited purpose or seasonal basis. The term “Permanent” is not meant to convey any guarantee of employment.
- b) **Initial Months of Service.** A Plan Sponsor may require eligible Participants to complete up to 12 Months of Service from the date of hire before qualifying for Plan Sponsor Contributions.
- c) **Hours of Service.** Participants are eligible for Plan Sponsor Contributions in any year in which they are regularly scheduled to work at least the minimum required number of hours chosen, if any.
 - If a Participant is regularly scheduled for those hours, but fails to meet the minimum required number of hours during the year, he or she still is entitled to Plan Sponsor Contributions for that year.
 - If a Participant is not scheduled to work a sufficient number of annual hours to qualify for a Plan Sponsor Contribution, but actually does work at least the minimum required number of hours in a given year, he or she must be credited with that year’s Plan Sponsor Contributions at the end of the year.
- d) **Age.** A Plan Sponsor may designate a minimum age between 18 and 21 for Plan Sponsor Contribution eligibility.
- e) **Long-Term Disability (LTD).** A Plan Sponsor may elect that Participants on LTD retain eligibility for Plan Sponsor Contributions. LTD is defined as qualifying for a Social Security disability award or for benefits from the Plan Sponsor’s LTD plan. If electing to continue Plan Sponsor Contributions for LTD Participants, the contributions will cease when the Participant attains age 65 or after five years of contributions, if later. In no event would contributions continue beyond the attainment of age 70.

4.3 Entry Dates

- **Monthly:** Participants are eligible for Plan Sponsor Contributions on the first day of the month on or after the date they meet all the eligibility requirements specified in Part 4.2(a-d) [and Part 4.2(e) if applicable].
- **Semi-annual:** Participants are eligible for Plan Sponsor Contributions on the January 1 or July 1 on or after the date they meet all the eligibility requirements specified in Part 4.2(a-d) [and Part 4.2(e) if applicable].

4.4 Contribution Type. A Plan Sponsor may choose one or more types of Plan Sponsor Contributions.

- **Matching:** The Plan Sponsor contributes a specified percentage of Participant Contributions (1% or greater) up to a specified percentage of Compensation (1% or greater).
 - **Example #1:** The Plan Sponsor contributes 25% of Participant Contributions up to 4% of the Participant’s Compensation (maximum Matching Contribution is 1% of the Participant’s Compensation)
 - **Example #2:** The Plan Sponsor contributes 100% of Participant Contributions up to 3% of the Participant’s Compensation (maximum Matching Contribution is 3% of the Participant’s Compensation)
 - **Example #3:** The Plan Sponsor contributes 200% of Participant Contributions up to 2% of the Participant’s Compensation (maximum Matching Contribution is 4% of the Participant’s Compensation)
- **Non-matching.** The Plan Sponsor contributes a specified percentage of the Participant’s Compensation (1% or greater). The Participant is not required to contribute to UMPIP to receive this contribution.
- **Conditional.** The Plan Sponsor contributes a specified percentage of the Participant’s Compensation (1% or greater) if the Participant contributes a minimum specified contribution percentage (1% to 4%). The minimum specified Participant contribution percentage cannot exceed 4% of Compensation.
 - **Example #1:** The Plan Sponsor contributes 6% of the Participant’s Compensation if the Participant contributes at least 3% of Compensation
 - **Example #2:** The Plan Sponsor contributes 4% of the Participant’s Compensation if the Participant contributes at least 4% of Compensation
- **Discretionary.** By checking this box, the Plan Sponsor reserves the right to make a Discretionary Contribution for the current year or any future year(s). The Plan Sponsor must complete an *Addendum to Adoption Agreement: Discretionary Contribution Election Form* (Addendum) to make a Discretionary Contribution. Contact Wespath to obtain an Addendum.

The Discretionary Contribution must be declared by submitting a completed Addendum no later than May 1 following the year for which the contribution is to be made. The Plan Sponsor may specify on the Addendum that the Discretionary Contribution will be made either only for one year, or indefinitely until the Addendum is amended or the Adoption Agreement is amended to eliminate Discretionary Contributions. If the Discretionary Contributions are made only for one year, a new Addendum must be submitted for each subsequent year in which the Plan Sponsor elects to make Discretionary Contributions.

The Plan Sponsor must calculate the Discretionary Contribution for each eligible Participant and supply the data electronically following Wespath procedures. Discretionary Contributions must be remitted no later than June 15 following the year for which the contribution is to be made.

4.5 Vesting Schedule. If a Participant terminates employment before becoming 100% Vested, he or she forfeits the non-vested portion of his or her Plan Sponsor Contribution Account Balance. If the Participant is not Reemployed by the Plan Sponsor before he or she incurs a One-Year Break in Service, the Forfeitures will be available to the Plan Sponsor to be used to fund future Plan Sponsor Contributions to other Participants. Changes to the Vesting schedule that decrease Vesting do not apply to Participants who were employed prior to the Adoption Agreement amendment effective date.

4.6 Contribution Calculation Period. Specify the frequency with which the Plan Sponsor organization will calculate Plan Sponsor Contributions.

Part 5 – Plan Sponsor Acknowledgements

This section outlines the Plan Sponsor’s responsibilities related to UMPIP, and acknowledges the Plan Sponsor’s agreement with the terms upon execution of the Adoption Agreement.

Part 6 – Effective Date

This is the effective date that the Plan Sponsor chooses to sponsor UMPIP or the effective date of an amendment to the Plan Sponsor’s agreement. Generally, the effective date must be the first of a month on or after the authorized representative of the Plan Sponsor signs and dates the Adoption Agreement in Part 7.

Part 7 – Adoption

An authorized representative of the Plan Sponsor must execute the Adoption Agreement. In addition, a second representative of the Plan Sponsor (such as a Senior Pastor or Chair of the Staff Parish Relations Committee) must sign and date the Adoption Agreement certifying that the first representative is authorized to execute the Adoption Agreement on behalf of the Plan Sponsor. The Plan Sponsor must retain a copy of its Board Resolution and/or governing committee meeting minutes that authorize UMPIP to be adopted or amended, and be prepared to provide such documents to Wespath upon request.

Part 8 – Wespath Signatures

By signing the Adoption Agreement in Part 8, Wespath signifies acceptance of the Plan Sponsor’s completed Adoption Agreement and the Plan Sponsor’s sponsorship or continued sponsorship of UMPIP. A signed copy of the Adoption Agreement will be e-mailed to the contact person named in part 1.6 to retain for the Plan Sponsor’s records.



Adoption Agreement for Local Church/Salary-Paying Unit Sponsorship of Lay Employees
United Methodist Personal Investment Plan (UMPIP)

Part 1 – Plan Sponsor Information

- 1.1 Plan Sponsor _____
- 1.2 Organization type: Church Conference office District office Employer # _____
- 1.3 Federal Employer Identification # _____ - _____
- 1.4 Plan Sponsor mailing address _____
- 1.5 Plan Sponsor telephone _____
- 1.6 Contact person(s) Name _____ Title _____
E-mail _____ Telephone # _____
- 1.7 Annual Conference _____
-

Part 2 – Employees Covered Under This Adoption Agreement

2.1 Employee Type(s) (choose all applicable types):

- Lay
- Retired/rehired Clergy
- Clergy not Under Episcopal Appointment
- All the above (if this option is not selected, submit separate Adoption Agreements—**see Instructions**)

2.2 Employee Hire Date (choose one):

- Before _____ (MM/DD/YYYY)
- On or after _____ (MM/DD/YYYY)
- On or after _____ (MM/DD/YYYY) and before _____ (MM/DD/YYYY)
- All the above (if this option is not selected, submit separate Adoption Agreements—**see Instructions**)

Part 3 – Participant Contributions

All Employees covered under this Adoption Agreement may make Before-Tax, Roth and/or After-Tax Contributions to UMPIP by payroll deduction as of their hire date.

3.1 Automatic Enrollment (choose one):

- Yes at _____% (1% or greater in whole numbers) of **Compensation** on a Before-Tax basis

Select covered Participants (choose one—**see Instructions**):

- Future Employees, and Existing Employees except those making:
- Before-Tax Contributions at a rate higher than the Automatic Contribution Rate selected above, or
 - After-Tax or Roth Contributions
- Future Employees, and Existing Employees who are not making Participant Contributions
- Future Employees

- No (**skip to Part 4**)

3.2 Automatic Contribution Escalation (choose one):

- Yes at _____% (1% or greater in whole numbers) each _____ 1st (month of increase) up to a maximum of _____% (1% or greater in whole numbers), unless the Participant elects not to have Automatic Contribution Escalation apply to his or her Before-Tax Contributions.

Year of first Automatic Contribution Escalation (choose one):

- Year in which Automatic Contribution Escalation is adopted
- Year following the year in which Automatic Contribution Escalation is adopted

- No
-

Part 4 – Plan Sponsor Contributions

4.1 Plan Sponsor Contribution Election (choose one):

- Yes
- No (**skip to Part 5**)

4.2 Eligibility

An Employee is eligible to receive Plan Sponsor Contributions only if he or she is covered under this Adoption Agreement as specified in Part 2 and meets the following requirements:

- a) Classification** (choose one):
- Permanent Employees
 - All Employees
- b) Initial Months of Service** (choose one):
- No minimum
 - _____ (1 to 12) months
- c) Hours of Service** (choose one):
- No minimum
 - At least 1,000 hours per year
 - At least 1,040 hours per year
- d) Age** (choose one):
- No minimum
 - Age _____ (18 to 21)
- e) Long-Term Disability (LTD)** (choose one):
- Not eligible
 - Eligible

4.3 Entry Dates (choose one):

- Monthly
- Semi-annually

4.4 Contribution Type (choose one or more):

Matching

_____ % of Participant Contributions up to _____ % of Compensation, with a maximum match of _____ % of Compensation

Non-Matching

_____ % of Compensation

Conditional

_____ % of Participant Compensation if the Participant contributes at least _____ % of Compensation

Discretionary

Complete an *Addendum to Adoption Agreement: Discretionary Contribution Election Form* to make a Discretionary Contribution

4.5 Vesting Schedule (choose one):

100% immediate

100% Vesting after _____ (1 to 36) Months of Service

Five-year graded (20% for each 12 Months of Service)

4.6 Contribution Calculation Period (choose one for each contribution type chosen in Part 4.4):

Matching

By pay period

Monthly

Non-Matching

By pay period

Monthly

Conditional

By pay period

Monthly

Discretionary

Elect using Addendum

Part 5 – Plan Sponsor Acknowledgements

By executing this Adoption Agreement, the Plan Sponsor hereby acknowledges, understands and agrees that:

- 5.1 Upon acceptance of this Adoption Agreement by Wespath, the employer will become a “Plan Sponsor” as defined in UMPIP.
- 5.2 The Plan Sponsor agrees to and will comply with the terms of UMPIP, as amended periodically, and the rules, regulations and procedures promulgated by Wespath, or its successors.
- 5.3 If UMPIP is amended in accordance with its amendment provisions, Wespath may (but need not) require the Plan Sponsor to execute a new Adoption Agreement.
- 5.4 Wespath will disclose to the Plan Sponsor all UMPIP investment options and fees, and Plan Sponsor agrees to such options and fees.
- 5.5 Wespath does not provide legal or tax advice to the Plan Sponsor or Plan Participants.
- 5.6 UMPIP is a Church Plan that is not subject to ERISA, including requirements such as the filing of annual reports and various reporting and bonding requirements.
- 5.7 Both Wespath and the General Conference of The United Methodist Church have the right to terminate UMPIP, or a Plan Sponsor’s sponsorship of UMPIP, at any time in accordance with the UMPIP provisions.
- 5.8 Wespath has the right to terminate the Plan Sponsor’s Adoption Agreement if the Plan Sponsor fails to satisfy its responsibilities under UMPIP.
- 5.9 In the event of any discrepancies between this Adoption Agreement and the *UMPIP Plan Document*, the *UMPIP Plan Document* will control.
- 5.10 The Plan Sponsor may freeze or terminate its sponsorship of UMPIP as of a specified date after giving at least 90 days advance written notice to Wespath and at least 30 days written notice to its Participants of its intent to freeze or terminate.

- 5.11 The Plan Sponsor will enroll Employees in UMPIP upon their election to make Participant Contributions and/or their satisfaction of the applicable Plan Sponsor Contribution eligibility requirements.
- 5.12 A Plan Sponsor that elects Automatic Enrollment will furnish an *Automatic Enrollment Notice* to individuals within a reasonable period of time before deducting Participant Contributions from Compensation to provide such individuals with time to opt out.
- 5.13 The Plan Sponsor will provide accurate data relevant to Plan administration to Wespath in a timely manner.
- 5.14 The Plan Sponsor will limit the total of Before-Tax and Roth Contributions to UMPIP to the annual dollar limit under Internal Revenue Code (Code) section 402(g), and total Contributions to UMPIP (and any other 403(b) plans sponsored by the Plan Sponsor) to the lesser of the annual dollar limit under Code section 415 or 100% of Code section 415 Compensation (generally taxable compensation plus before-tax salary deferrals, but not including housing allowance or parsonage).
- 5.15 The Plan Sponsor will remit Contributions to Wespath in a timely manner as required by UMPIP. Late Contributions may require payment of investment earnings and fees as specified in UMPIP and applicable procedures.

Part 6 – Effective Date

6.1 **Initial Agreement.** The Plan Sponsor agrees to adopt UMPIP as of _____ 1, 20____.

6.2 **Amendment of Agreement.** The Plan Sponsor agrees to amend UMPIP as of _____ 1, 20____.

Part 7 – Adoption

The undersigned, on behalf of the Plan Sponsor named in Part 1.1, hereby declares a desire to sponsor UMPIP or continue sponsorship in an amended UMPIP (as reflected in this Adoption Agreement) and hereby certifies that the appropriate governing board and/or officers have authorized the Plan Sponsor’s sponsorship or continued sponsorship in UMPIP as of the effective date indicated in Part 6. The undersigned also certifies that he or she is authorized to execute this Adoption Agreement on behalf of the Plan Sponsor. The Plan Sponsor agrees to the terms and conditions of this Adoption Agreement, its instructions, and the *UMPIP Plan Document*, which are incorporated herein by reference. If there is any conflict between these documents, the terms of the *UMPIP Plan Document* will control.

Authorized representative’s signature _____ Date _____

Print name of signatory _____ Title _____

The undersigned, on behalf of the Plan Sponsor named in Part 1.1, hereby certifies that the signatory above is authorized to execute this Adoption Agreement on behalf of the Plan Sponsor.

Second representative’s signature _____ Date _____

Print name of signatory _____ Title _____

Part 8 – Wespath Signatures

Wespath hereby accepts this Adoption Agreement submitted by the employer named in Part 1.1, and accepts that employer as one of the adopters and Plan Sponsors of UMPIP as of the effective date noted in Part 6.

Authorized signature _____ Date _____

Print name and title _____

Authorized signature _____ Date _____

Print name and title _____

Please complete this form and return to Wespath by one of the following methods:

Email scanned copy to: retservices@wespath.org

Fax to: 1-847-866-4635

Mail to:

Wespath

Attention: Retirement Services

1901 Chestnut Avenue

Glenview, IL 60025-1604